

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Sharon L. Vargo</i>	Printed Name		License Number	

Township of Marshall Calhoun County, Michigan

**Financial Report
with Additional Information
March 31, 2007**

Township of Marshall

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Independent Auditor's Report

To the Members of the Board
Township of Marshall

We have audited the accompanying basic financial statements of the Township of Marshall as of March 31, 2007 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Township of Marshall's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Township of Marshall as of March 31, 2007 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

June 8, 2007

Township of Marshall

Management's Discussion and Analysis

Our discussion and analysis of the Township of Marshall's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2007:

- Total net assets related to the Township's governmental activities increased by approximately \$82,000.
- A new fire millage was approved during the year, creating approximately \$172,000 in additional property tax revenues.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Township of Marshall

Management's Discussion and Analysis (Continued)

The Township as a Whole

The following table shows the net assets as of the current date and comparisons to prior year information:

	March 31	
	2007	2006
Assets		
Current assets	\$ 628,591	\$ 491,768
Capital assets - Net of accumulated depreciation	753,181	876,695
Total assets	1,381,772	1,368,463
Liabilities		
Current liabilities	100,754	95,971
Long-term debt	65,525	139,288
Total liabilities	166,279	235,259
Net Assets		
Investment in capital assets - Net of debt	613,893	665,319
Restricted	165,442	-
Unrestricted	436,158	467,885
Total net assets	<u>\$ 1,215,493</u>	<u>\$ 1,133,204</u>

The Township's financial position has improved during the year due to a new millage for fire expenditures.

Township of Marshall

Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year and comparisons to prior year information:

	Year Ended March 31	
	2007	2006
Revenue		
Program revenue - Charges for services	\$ 65,341	\$ 104,048
Capital grants and contributions	12,200	124,663
General revenue:		
Property taxes	343,933	149,517
State-shared revenue	199,372	197,496
Unrestricted investment earnings	28,087	13,322
Total revenue	648,933	589,046
Program Expenses		
General government	212,798	197,868
Public safety	300,544	339,584
Street expenditures	16,370	25,836
Planning and zoning	36,932	31,849
Total program expenses	566,644	595,137
Change in Net Assets	\$ 82,289	\$ (6,091)

The change in net assets is higher in 2007 than in 2006 due mostly to an increase in property tax revenue. Expenses decreased during 2007 mostly due to a decrease in inspections and street expenditures.

Governmental Activities

The Township board adopted a resolution in 2004 directing use of fund balance. Much of the fund balance has been designated for years to assist with "evening out" the expense of fire apparatus replacement and upgrading as well as improvements to the warning siren system.

General Fund Budgetary Highlights

Actual revenues and expenses were as expected. The largest budget amendment was to record the new fire property tax revenues and related expenditures.

Township of Marshall

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

The Township purchased approximately \$53,000 of new assets during the year. The Township continues to pay on the two installment purchase agreements for a fire truck and sirens. No new debt was issued during the year.

Economic Factors and Next Year's Budgets and Rates

Aside from the items disclosed above, we have no reason to believe that the Township will experience a change in its financial position or results of operations.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Township of Marshall

Statement of Net Assets March 31, 2007

Assets

Cash and investments (Note 2)	\$ 615,436
Delinquent taxes receivable	13,155
Capital assets - Net of accumulated depreciation (Note 3)	<u>753,181</u>
Total assets	1,381,772

Liabilities

Accounts payable	13,328
Other current liabilities	13,663
Noncurrent liabilities (Note 4):	
Due within one year	73,763
Due in more than one year	<u>65,525</u>
Total liabilities	<u>166,279</u>

Net Assets

Investment in capital assets - Net of debt	613,893
Restricted - Fire	165,442
Unrestricted	<u>436,158</u>
Total net assets	<u><u>\$ 1,215,493</u></u>

Township of Marshall

Statement of Activities Year Ended March 31, 2007

				Net (Expense) Revenue and Changes in Net Assets
		Program Revenues		
			Capital Grants and Contributions	Total Primary Governmental Activities
	Expenses	Charges for Services		
Functions/Programs				
Primary government - Governmental activities:				
General government	\$ 212,798	\$ 36,113	\$ -	\$ (176,685)
Public safety	300,544	29,228	12,200	(259,116)
Street expenditures	16,370	-	-	(16,370)
Planning and zoning	36,932	-	-	(36,932)
Total primary government	<u>\$ 566,644</u>	<u>\$ 65,341</u>	<u>\$ 12,200</u>	(489,103)
General revenues:				
Property taxes				343,933
State-shared revenues				199,372
Unrestricted investment earnings				<u>28,087</u>
Total general revenues				<u>571,392</u>
Change in Net Assets				82,289
Net Assets - Beginning of year				<u>1,133,204</u>
Net Assets - End of year				<u>\$ 1,215,493</u>

Township of Marshall

Governmental Funds Balance Sheet March 31, 2007

	<u>General Fund</u>
Assets	
Cash and investments (Note 2)	\$ 615,436
Delinquent taxes receivable	<u>13,155</u>
Total assets	<u>\$ 628,591</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 13,328
Other current liabilities	<u>13,663</u>
Total liabilities	26,991
Fund Balances	
Designated - (Note 5)	129,778
Reserved - Fire	165,442
Undesignated, unreserved	<u>306,380</u>
Total fund balance	<u>601,600</u>
Total liabilities and fund balance	<u>\$ 628,591</u>
Reconciliation to the Statement of Net Assets	
Fund Balance - Total governmental funds	\$ 601,600
Long-term liabilities not due and payable in the current period and not reported in the funds	(139,288)
Capital assets used in governmental activities are not financial resources and are not reported in the funds	<u>753,181</u>
Total	<u>\$ 1,215,493</u>

Township of Marshall

Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance Year Ended March 31, 2007

	<u>General Fund</u>
Revenue	
Taxes	\$ 343,933
Licenses and permits	29,228
State sources	199,372
Charges for services	36,113
Interest	<u>28,087</u>
Total revenue	636,733
Expenditures	
General government	214,489
Public safety	235,227
Street expenditures	16,370
Planning and zoning	<u>36,932</u>
Total expenditures	<u>503,018</u>
Excess of Revenue Over Expenditures	133,715
Fund Balance - Beginning of year	<u>467,885</u>
Fund Balance - End of year	<u><u>\$ 601,600</u></u>

Township of Marshall

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 133,715
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures; in the
statement of activities, these costs are allocated over their
estimated useful lives as depreciation:

Asset purchases	53,149
Depreciation	(176,663)

Repayment of debt is an expenditure in the governmental funds, but not
in the statement of activities (where it reduces long-term debt)

<u>72,088</u>

Change in Net Assets of Governmental Activities	<u><u>\$ 82,289</u></u>
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Township of Marshall

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Marshall, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Township is governed by an elected five-member board of trustees. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

The Township is a member of the Marshall Area Firefighters Ambulance Authority (the "Authority"). The Authority receives a millage to provide emergency medical services to the Township along with other townships and cities that are part of the Authority. The Township does not have an equity interest in the Authority.

Government-wide and Fund Financial Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For the most part, the effect of interfund activity has been removed from these statements.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, property taxes, and interest associated with the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental fund:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2006 tax is levied and collectible on December 1, 2006 and is recognized as revenue in the year ended March 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2006 taxable valuation of the Township totaled \$115 million, on which taxes levied consisted of .8095 mills for operating purposes and 1.5 mills for the purpose of acquiring new fire trucks, capital improvements, and operating expenses of the Marshall Township Fire Department. This resulted in \$93,000 for operating purposes and \$172,000 for the fire department. These amounts are recognized in the General Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Building and improvements	10-40 years
Equipment	5-10 years

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 2 - Deposits and Investments (Continued)

The Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in the same investments listed above in accordance with the statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$275,117 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Rate Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

The Township has the following investment with credit risk and the applicable rating:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Government Agency Bond Pool	\$31,892	Unrated

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township does not specifically identify interest rate risk in the investment policy adopted by the Township. The Township has the following investment with interest rate risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Government Agency Bond Pool	\$31,892	1/15/2023

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 3 - Capital Assets

A summary of changes in capital assets follows:

	Balance April 1, 2006	Additions	Disposals and Adjustments	Balance March 31, 2007
Governmental Activities				
Capital assets being depreciated:				
Land improvements	\$ 25,818	\$ -	\$ -	\$ 25,818
Buildings and improvements	155,190	14,700	-	169,890
Equipment	<u>1,169,288</u>	<u>38,449</u>	<u>-</u>	<u>1,207,737</u>
Subtotal	1,350,296	53,149	-	1,403,445
Accumulated depreciation:				
Land improvements	6,319	1,291	-	7,610
Buildings and improvements	69,273	4,247	-	73,520
Equipment	<u>398,009</u>	<u>171,125</u>	<u>-</u>	<u>569,134</u>
Subtotal	<u>473,601</u>	<u>176,663</u>	<u>-</u>	<u>650,264</u>
Net capital assets	<u>\$ 876,695</u>	<u>\$ (123,514)</u>	<u>\$ -</u>	<u>\$ 753,181</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 13,008
Public safety	<u>163,655</u>
Total governmental activities	<u>\$ 176,663</u>

Note 4 - Long-term Debt

The Township has a bank installment contract with \$70,000 outstanding at March 31, 2007 for the purchase of fire equipment. Payments are quarterly, including interest at 2.99 percent. The contract is due in November 2008.

The Township has a vendor installment contract with \$69,288 outstanding at March 31, 2007 for the purchase of sirens and related equipment. Payments are made annually including interest at 5.22 percent. The contract is due in August 2008.

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 4 - Long-term Debt (Continued)

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2007:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Installment purchase agreement - Fire truck	2.99%	\$30,000 - \$40,000	\$ 110,000	\$ -	\$ (40,000)	\$ 70,000	\$ 40,000
Installment purchase agreement - Sirens	5.22%	\$32,088 - \$35,525	101,376	-	(32,088)	69,288	33,763
Total			<u>\$ 211,376</u>	<u>\$ -</u>	<u>\$ (72,088)</u>	<u>\$ 139,288</u>	<u>\$ 73,763</u>

Debt Service Requirements

The annual debt service requirements are as follows:

Years Ending March 31	Principal	Interest	Total
2008	\$ 73,763	\$ 5,261	\$ 79,024
2009	<u>65,525</u>	<u>2,303</u>	<u>67,828</u>
Total	<u>\$ 139,288</u>	<u>\$ 7,564</u>	<u>\$ 146,852</u>

Note 5 - Designated Fund Balance

The fund balance of the General Fund has been designated for the following purposes:

Township development	\$ 23,000
Fire truck and equipment	<u>106,778</u>
Total	<u>\$ 129,778</u>

Township of Marshall

Notes to Financial Statements March 31, 2007

Note 6 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits. The Township has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

Note 7 - Construction Fees

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that the collection of these fees be used for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Permit charges	\$ 24,405
Inspector fees	<u>(35,348)</u>
Expenditures over revenue	(10,943)
Beginning balance of reserve	<u>(21,975)</u>
Ending balance of reserve	<u><u>\$ (32,918)</u></u>

Note 8 - Defined Contribution Retirement Plan

The Township provides retirement benefits to all of its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township board, the Township contributes 3 percent of employees' gross earnings for employees with wages greater than \$5,000 during the fiscal year. In accordance with these requirements, the Township contributed \$2,264 during the year ended March 31, 2007.

Note 9 - Subsequent Events

During the year, the Township committed to purchase a fire truck for approximately \$295,000, but the truck was not received prior to year end. Additionally, the Township entered into a contract subsequent to year end to construct a fire substation for approximately \$500,000.

Required Supplemental Information

Township of Marshall

Required Supplemental Information Budgetary Comparison Schedule General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
Revenue				
Taxes	\$ 144,000	\$ 316,250	\$ 333,297	\$ 17,047
Street lights - Special assessment	10,740	10,740	10,636	(104)
Licenses and permits	59,500	37,885	29,228	(8,657)
State sources	204,000	198,000	199,372	1,372
Charges for services	21,000	27,000	36,113	9,113
Interest	8,435	22,000	28,087	6,087
Other	3,700	3,700	-	(3,700)
Total revenue	451,375	615,575	636,733	21,158
Contribution from Fund Balance	89,050	17,050	(133,715)	150,765
Total sources of funds	<u>\$ 540,425</u>	<u>\$ 632,625</u>	<u>\$ 503,018</u>	<u>\$ (129,607)</u>
Expenditures				
General government:				
Supervisor:				
Salary	\$ -	\$ -	\$ 12,245	\$ -
Payroll taxes	-	-	936	-
Other	-	-	20	-
Total supervisor	13,500	13,500	13,201	299
Clerk:				
Salary	-	-	18,191	-
Deputy clerk	-	-	1,132	-
Payroll taxes	-	-	1,478	-
Education	-	-	1,160	-
Capital outlay	-	-	103	-
Other	-	-	1,499	-
Total clerk	24,500	24,500	23,563	937
Treasurer:				
Salary	-	-	17,499	-
Payroll taxes	-	-	1,339	-
Consultant	-	-	1,120	-
Other	-	-	525	-
Total treasurer	19,750	21,000	20,483	517

Township of Marshall

Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Township board:				
Salaries	\$ -	\$ -	\$ 3,329	\$ -
Payroll taxes	-	-	211	-
Pension	-	-	23	-
Memberships and dues	-	-	2,944	-
Supplies	-	-	2,000	-
Insurance and bonds	-	-	32,761	-
Professional services	-	-	12,651	-
Postage	-	-	3,029	-
Repair and maintenance	-	-	100	-
Other	-	-	5,907	-
Total township board	65,900	65,900	62,955	2,945
Township hall:				
Salary	-	-	6,763	-
Payroll taxes	-	-	517	-
Repair and maintenance	-	-	15,841	-
Telephone	-	-	2,410	-
Gas and electric	-	-	9,003	-
Office supplies	-	-	1,647	-
Office equipment	-	-	17,971	-
Snow removal	-	-	531	-
Lawn care	-	-	2,211	-
Total Township hall	42,000	90,000	56,894	33,106
Elections:				
Salary	-	-	8,829	-
Payroll taxes	-	-	424	-
Other	-	-	3,047	-
Total elections	7,500	12,000	12,300	(300)
Board of Review	1,600	2,100	2,557	(457)
Cemetery	5,000	5,000	4,970	30

Township of Marshall

Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
Expenditures (Continued)				
General government (Continued):				
Assessor:				
Assessor and tax roll preparation	\$ -	\$ -	\$ 17,121	\$ -
Office supplies	-	-	445	-
Total assessor	18,500	18,500	17,566	934
Total general government	198,250	252,500	214,489	38,011
Public safety:				
Fire protection:				
Salaries	-	-	56,757	-
Payroll taxes	-	-	4,451	-
Operating supplies and maintenance	-	-	24,061	-
Other	-	-	97	-
Capital outlay	-	-	11,288	-
Membership and dues	-	-	350	-
Utilities	-	-	135	-
Total fire protection	136,130	169,380	97,139	72,241
Fire board	2,400	2,400	1,120	1,280
Inspection:				
Salaries	-	-	16,090	-
Building inspector	-	-	7,849	-
Plumbing inspector	-	-	1,420	-
Mechanical inspector	-	-	2,782	-
Electrical inspector	-	-	3,942	-
Payroll taxes	-	-	2,441	-
Miscellaneous	-	-	824	-
Total inspection	61,000	37,000	35,348	1,652
Debt service	43,300	43,300	42,840	460
Siren replacements	39,600	62,600	58,780	3,820
Total public safety	282,430	314,680	235,227	79,453

Township of Marshall

Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
Expenditures (Continued)				
Utilities - Lighting	\$ 12,945	\$ 12,945	\$ 16,270	\$ (3,325)
Street care	17,500	17,500	100	17,400
Planning and zoning:				
Planning and zoning consultant	-	-	9,984	-
Board salaries	-	-	7,285	-
Administrative salaries	-	-	16,788	-
Payroll taxes	-	-	1,493	-
Supplies and other	-	-	1,382	-
Total planning and zoning	29,300	35,000	36,932	(1,932)
Total expenditures	<u>\$ 540,425</u>	<u>\$ 632,625</u>	<u>\$ 503,018</u>	<u>\$ 129,607</u>

Township of Marshall

Note to Budgetary Comparison Schedule Year Ended March 31, 2007

Note - Stewardship

The annual budget is prepared by the Township treasurer and presented to the board by the supervisor. The annual budget is adopted by the Township board and subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2007 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (General Fund - budgetary comparison schedule) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual expenditures to the General Fund budget, as adopted by the Township board, is included in the additional information. This comparison includes expenditure budget overruns.

June 8, 2007

To the Members of the Board
Marshall Township
Marshall, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Marshall Township (the "Township") as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

Audit Adjustments

As part of the audit process, one significant adjustment was recommended to management and made to adjust general ledger balances as of March 31, 2007. This journal entry was necessary in order for the financial statements to be materially correct.

This communication is intended solely for the information and use of management, Board members, and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,
PLANTE & MORAN, PLLC

A handwritten signature in cursive script that reads "Sharon L. Vargo".

Sharon L. Vargo, CPA
Partner